

STATE OF IOWA  
PROPERTY ASSESSMENT APPEAL BOARD

**Peter G. Jarvis,**  
Petitioner-Appellant,

**v.**

**Scott County Board of Review,**  
Respondent-Appellee.

**ORDER**

**Docket No. 11-82-1318**  
**Parcel No. 851003117**

On March 13, 2013, the above-captioned appeal came on for hearing before the Iowa Property Assessment Appeal Board. The appeal was conducted under Iowa Code section 441.37A(2)(a-b) (2013) and Iowa Administrative Code rules 701-71.21(1) et al. Petitioner-Appellant Peter Jarvis was self-represented. Assistant County Attorney Robert Cusack is counsel for the Board of Review. Deputy Assessor Ed Vieth represented the Board of Review at hearing. The Appeal Board now having examined the entire record, heard the testimony, and being fully advised, finds:

***Findings of Fact***

Peter Jarvis is the owner of property located at 1913 Canal Shore Drive, SW, Le Claire, Iowa. The real estate was classified residential on the January 1, 2011, assessment. It was valued at \$251,180, representing \$120,000 in land value and \$131,180 in improvement value. Jarvis protested the assessment to the Scott County Board of Review on the grounds that the assessment was not equitable as compared with the assessments of other like property under Iowa Code section 441.37(1)(a)(1); that the property was assessed for more than authorized by law under section 441.37(1)(a)(2); and that there was an error in the assessment under section 441.37(1)(a)(4). Jarvis' error claim essentially reasserted his belief that the subject property was over-assessed. Jarvis believed the property's correct value was \$217,670. The Board of Review denied the protest.

Jarvis then appealed to this Board reasserting his claims. We note the gist of Jarvis' claim was that the property was over assessed, based on the testimony at hearing and the evidence introduced; therefore, we do not address Jarvis' inequity claim.

According to the property record card, Jarvis's property is a one-story, frame home built in 1993. It has 1400 square feet of above-grade living area; a full basement, which includes a two-stall, built-in garage and 700 square-feet of finish; a 136 square-foot deck; and a 168-square-foot open porch. The subject site is 0.17-acres.

As a preliminary matter, we address the dispute between Jarvis and the Board of Review regarding the subject property's actual size. The Board of Review asserts the site is bisected by a city street and the property on either side of the street is owned by Jarvis. Jarvis does not believe he owns the property with actual Mississippi River frontage. However, he acknowledged he has a dock on this site and that the dock does not provide public access to the River. Jarvis provided a survey of the site (Exhibit 5) completed in November 2011 by Crapnell Land Surveying Company. Jarvis testified the survey's purpose was to determine whether a concrete retaining wall on his property was encroaching the neighbor to the east. It appears this survey may have been conducted solely to identify this encroachment issue, which is located on the northern part of the site, because it does not include the area located south of Canal Shore Drive. At the request of this Board, the Board of Review provided us with the Scott County Auditors opinion. The Auditor's records and the Recorder's office records indicate Jarvis' property, Lot 17, extends to the Mississippi River. The site is mostly rectangular in shape and bifurcated by Canal Shore Drive, a public street. We find the official records to be the best indicator of the actual site, and we therefore find that the site extends to the Mississippi River.<sup>1</sup>

We now turn our focus to Jarvis' main argument; that the subject property is assessed for more than authorized by law. Jarvis believes the Assessor's Office is not valuing his site according to the

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<sup>1</sup> At hearing, both parties recognized that the Army Corp of Engineers has a flowage easement along the front portion of the site, which may restrict certain uses on the property. However, this easement affects all lots along Canal Shore Drive.

Department of Revenue's IOWA REAL PROPERTY APPRAISAL MANUAL (the MANUAL). He believes the correct way to value his site is by either the square-foot method or front-foot method. (MANUAL pp. 2-5 and 2-6). Deputy Assessor Ed Vieth testified the Assessor's Office is valuing the site based on a site method; which we note is also a method recognized in the MANUAL. (p. 2-6). An explanation of the Assessor's method, as described by the Board of Review's Exhibit J, follows.

Vieth testified River front properties were revalued in 2011, in part, because the assessment sale ratios indicated a trend of under assessment. In order to value these River front properties, the Assessor first determined a front-foot method was not appropriate because of the disparity in the sizes and shapes of the lots that front the River (Exhibit L). Additionally, there had been no vacant lot sales along Canal Shore Drive for several years. Instead of selling, older homes have either been razed or extensively remodeled to maximize the view of the River, regardless of the width of the lot. Vieth also explained that a square-foot valuation method suffers the same problem with the different sizes of lots, explaining that larger lots have a diminished return at some point (Exhibit L). For these reasons, the Assessor's Office examined sales and determined a "site plus excess" value method was appropriate. It extracted the value attributable to the land by subtracting assessed values of the building improvements from sales prices. The following chart (Exhibit K) explains the process used by the Assessor's Office. According to Vieth, Vanguard Appraisal developed the chart.

5 Grade to 4-10 Grade Home	< .25 Acre	Lump Sum	\$100,000
	First .25 Acres	.25 @ \$350,000/Acre	\$87,500
	After .25 Acres	.25 @ \$90,000/Acre	\$22,500
	After .50 Acres	Acres @ \$50,000	
4-5 Grade to 3-10 Grade Home	< .35 Acre	Lump Sum	\$120,000
	First .35 Acres	.35 @ \$350,000/Acre	\$122,500
	After .35 Acres	.35 @ \$90,000/Acre	\$13,500
	After .50 Acres	Acres @ \$50,000	
3-5 Grade to 3+10 Grade Home	< .40 Acre	Lump Sum	\$140,000
	First .40 Acres	.40 @ \$350,000/Acre	\$140,000
	After .40 Acres	.40 @ \$90,000/Acre	\$9,000
	After .50 Acres	Acres @ \$50,000	
2-10 to 2+10 Grade Home	< .50 Acre	Lump Sum	\$160,000
	First .50 Acres	.40 @ \$350,000/Acre	\$175,000
	After .50 Acres	Acres @ \$50,000	

In effect, the sites are valued based on their location on the river and considering the current use of improvements. If a higher quality grade home is located on the site, the value of the site increases as it reflects the market's desires for the improvements to take maximum advantage of the site. Ultimately, the Board of Review asserts that the market is willing to pay more for a site improved with a higher quality improvement. We find it unnecessary for us to determine whether this method conforms to Iowa law. While it raises potential equity issues for similarly situated land, market value evidence in the record is more pertinent to the issue at hand.

Three appraisals were submitted to establish the market value of the subject property. Jarvis submitted the Sidney appraisal, and the Board of Review submitted the Broders and Corey appraisals.

The following chart summarizes the three appraisals and some of their pertinent facts.

Appraiser	Sales Comparison Approach	Cost Approach	Final Opinion of Value	Subject Site Size (SF) / EFF
Sidney	\$199,000	\$196,243	\$199,000	7138 / 50
Broders	\$245,000	\$247,494	\$245,000	6000 / 50
Corey	\$242,000	N/A	\$242,000	8712 / 55

Jarvis' appraisal was completed by Kelvin Sidney of Sidney Appraisal Services, Davenport, Iowa. Sidney completed an appraisal with an effective date of April 25, 2011. He developed the sales comparison and cost approaches to value. His final opinion of value is \$199,000.

Sidney used three properties in his sales comparison approach; and two properties in the development of his site opinion. He based his opinion of the site value on two sales located at 833 and 819 Canal Shore Drive. The record indicates that while these were improved sites at the time of sale, the improvements were removed shortly thereafter. Therefore, the sales prices reflect the value of the sites as vacant or unimproved rather than an improved sale. Sidney used the unadjusted price per square foot of the two sales, which ranged from \$8.33 to \$8.97 and ultimately concluded a value opinion for the site of \$59,500; or \$8.33 per-square-foot. Then, in his sales comparison analysis, he applied per-square-foot site size adjustments. The other two appraisals in the record valued the subject site based on a front-foot method, not on a per-square-foot method. We find the other two appraiser's use of a front-foot method more appropriate in this case because the site has water frontage; therefore, we do not find Sidney's appraisal to be the most reliable indicator of market value.

The Board of Review submitted an appraisal by Scott Broders of Broders Appraisal, LLC, (address unknown). Broders' appraisal had an effective date of January 1, 2011. He developed the sales comparison and the cost approaches to value and opined a final opinion of \$245,000. He considered seven properties in his sales comparison analysis. The Board of Review also provided an appraisal developed by Martin Corey of Oakwood Appraisal Company, Rock Island, Illinois with an effective date of January 1, 2011. Corey relied solely on the sales comparison approach and included four sales in his analysis. His final opinion of value was \$242,000.

Broders' appraisal developed an opinion of site value based on the same two Canal Shore Drive sales used by Sidney. However, Broders analyzed the data on a front-foot method and determined an unadjusted front-foot value of \$1423 to \$1738, which he reconciled to a value of \$1500 per front-foot

for the subject. He reports the subject's frontage to be 50<sup>2</sup> feet, and thus, determines a value conclusion of \$75,000. Nevertheless, he did not adjust the sales for the costs of razing the improvements and readying the site for development; nor did he consider the contributory value of any improvements that may have been retained. When using the sales comparison approach to value a necessary step is to "adjust the sales prices of the comparable land parcels or sites to reflect how they differ from the subject." APPRAISAL INSTITUTE, APPRAISING RESIDENTIAL PROPERTIES 240 (4th ed. 2007). While we consider his analysis to be more reasonable than Sidney's, and more typical of a site fronting water, we still find it undervalues the subject site because he failed to adjust the sales for other cost considerations to the buyer, which would be reflected in a site value. Furthermore, we find his sales analysis of the improved properties is flawed because after he identifies the sites have a front-foot value, he adjusts the comparable sites on a square-foot basis. For these reasons we give his analysis limited consideration.

Finally, Corey's appraisal developed only the sales comparison approach. He adjusted the four comparable properties for site size based on a front-foot method. He explains the subject site has about 55 front-feet along the river. He also provides an estimate of the front-foot for each of the sales. Using his estimates and actual adjustments, the front-foot adjustment he made was between \$2000 and \$2205. He does not explain how he arrived at this range for adjustments, but if applied to the subject site, it would indicate a value from \$110,000 to \$121,275, assuming a 55 front-foot. If the front-foot of the subject site were closer to 50, as the majority of the record suggests, then this would indicate a value from \$100,000 to \$110,250. Overall, we find Corey's appraisal makes the most consistent adjustments to the comparable properties and is the best indicator of the total market value of the subject property.

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<sup>2</sup> Because the assessments are based on a site value, effective front foot (EFF) calculations were not developed in the record. While the subject's site actual square-foot size is in question, the majority of the record indicates an estimated EFF of 50 feet is reasonable.

In addition to the appraisals, Jarvis also provided an analysis showing what he believes the correct site value should be. He based his opinion on the five comparable properties from Sidney's appraisal. Jarvis explained that he took the sale price and deducted the assessed dwelling value<sup>3</sup> to arrive at a sales price attributable to the land (remaining land value).<sup>4</sup> He then divided the land value by the front foot of each site to determine a sales price per-front-foot value. While his general methodology is sound, some of the data he used is incorrect. For instance, the sales prices of Comparables 4 and 5 were reflective of land sales, rather than improved sales. For example, after Comparable 4 was purchased, the residence was razed but a garage was retained; ultimately, this value then reflects a land sale. Jarvis asserts the purchaser demolished a home that was habitable; however, the condition of the improvements is not relevant. If the purchaser removed the improvements immediately after purchase to improve the site in a different manner, the purchase is reflective of a land sale. Likewise, Comparable 5 was also a "land sale" as the property was purchased in 2009 for \$185,000, and the home was subsequently demolished and improved with a new residence. Neither of these sales were adjusted for differences compared to the subject, such as to reflect the cost of demolition of the existing improvements or any contributory value of improvements that may have been retained. Based on the remaining sales, if the front-foot method had been used his site would have a value between \$1860 to \$2056 per front foot; or, \$93,000 to \$102,800, assuming an estimated 50 front feet.

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<sup>3</sup> Assessed value as of the year of sale.

<sup>4</sup> This is known as "extraction." Extraction is "a method of estimating land value in which the depreciated cost of the improvements on the improved property is estimated and deducted from the total sale price to arrive at an estimated sale price for the land; most effective when the improvements contribute little to the total sale price of the property." Appraisal Institute, *Appraising Residential Properties* 251 (4th ed. 2007).

### *Conclusion of Law*

The Appeal Board applied the following law.

The Appeal Board has jurisdiction of this matter under Iowa Code sections 421.1A and 441.37A. This Board is an agency and the provisions of the Administrative Procedure Act apply. Iowa Code § 17A.2(1). This appeal is a contested case. § 441.37A(1)(b). The Appeal Board determines anew all questions arising before the Board of Review, but considers only those grounds presented to or considered by the Board of Review. §§ 441.37A(3)(a); 441.37A(1)(b). New or additional evidence may be introduced. *Id.* The Appeal Board considers the record as a whole and all of the evidence regardless of who introduced it. § 441.37A(3)(a); *see also Hy-vee, Inc. v. Employment Appeal Bd.*, 710 N.W.2d 1, 3 (Iowa 2005). There is no presumption the assessed value is correct. § 441.37A(3)(a). However, the taxpayer has the burden of proof. § 441.21(3). This burden may be shifted; but even if it is not, the taxpayer may still prevail based on a preponderance of the evidence. *Id.*; *Richards v. Hardin County Bd. of Review*, 393 N.W.2d 148, 151 (Iowa 1986).

In Iowa, property is to be valued at its actual value. Iowa Code § 441.21(1)(a). Actual value is the property's fair and reasonable market value. § 441.21(1)(b). Market value essentially is defined as the value established in an arm's-length sale of the property. *Id.* Sale prices of the property or comparable properties in normal transactions are to be considered in arriving at market value. *Id.* If sales are not available to determine market value then "other factors," such as income and/or cost, may be considered. § 441.21(2). The property's assessed value shall be one hundred percent of its actual value. § 441.21(1)(a).

In an appeal alleging the property is assessed for more than the value authorized by law under Iowa Code section 441.37(1)(a)(2), the taxpayer must show: 1) the assessment is excessive and 2) the subject property's correct value. *Boekeloo v. Bd. of Review of the City of Clinton*, 529 N.W.2d 275, 277 (Iowa 1995). The record includes three appraisals on the subject property. We do not find the



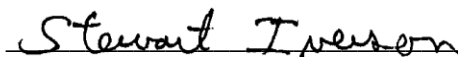
Sidney appraisal's development of the site value proper and this error was carried through in the sales comparison approach. The Broders appraisal also has flaws. Its application of adjustments to the comparable sites is on a square-foot method, and it inappropriately considered a land sale as an improved comparable property. For these reasons, we do not find either of these appraisals are the most reliable evidence of the subject property's market value as of the assessment date. The Corey appraisal, however, developed an opinion of value based on a front-foot method and comparable data was adjusted using this method. We find this appraisal to be the most reliable indicator of the fair market value of the subject property at the time of assessment.

THE APPEAL BOARD ORDERS the assessment of Peter G. Jarvis's property located at 1913 Canal Short Drive SW, Le Clair, Iowa, is modified to a total value of \$242,000, allocated as \$120,000 in land value and \$122,000 in improvement value as of January 1, 2011. The Secretary of the Property Assessment Appeal Board shall mail a copy of this Order to the Scott County Auditor and all tax records, assessment books and other records pertaining to the assessments referenced herein on the subject parcels shall be corrected accordingly.

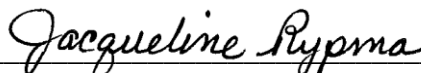
Dated this 25th day of April, 2013.



Karen Oberman, Presiding Officer



Stewart Iverson, Board Chair




Jacqueline Rypma, Board Member

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Certificate of Service	
The undersigned certifies that the foregoing instrument was served upon all parties to the above cause & to each of the attorney(s) of record herein at their respective addresses disclosed on the pleadings on <u>April 25, 2013</u> .	
By:	<input checked="" type="checkbox"/> U.S. Mail <input type="checkbox"/> FAX
	<input type="checkbox"/> Hand Delivered <input type="checkbox"/> Overnight Courier
	<input type="checkbox"/> Certified Mail <input type="checkbox"/> Other
	
Signature_____	